



CYANCONNODE

— Omni IoT —

WORLD LEADER IN NARROWBAND MESH NETWORKS

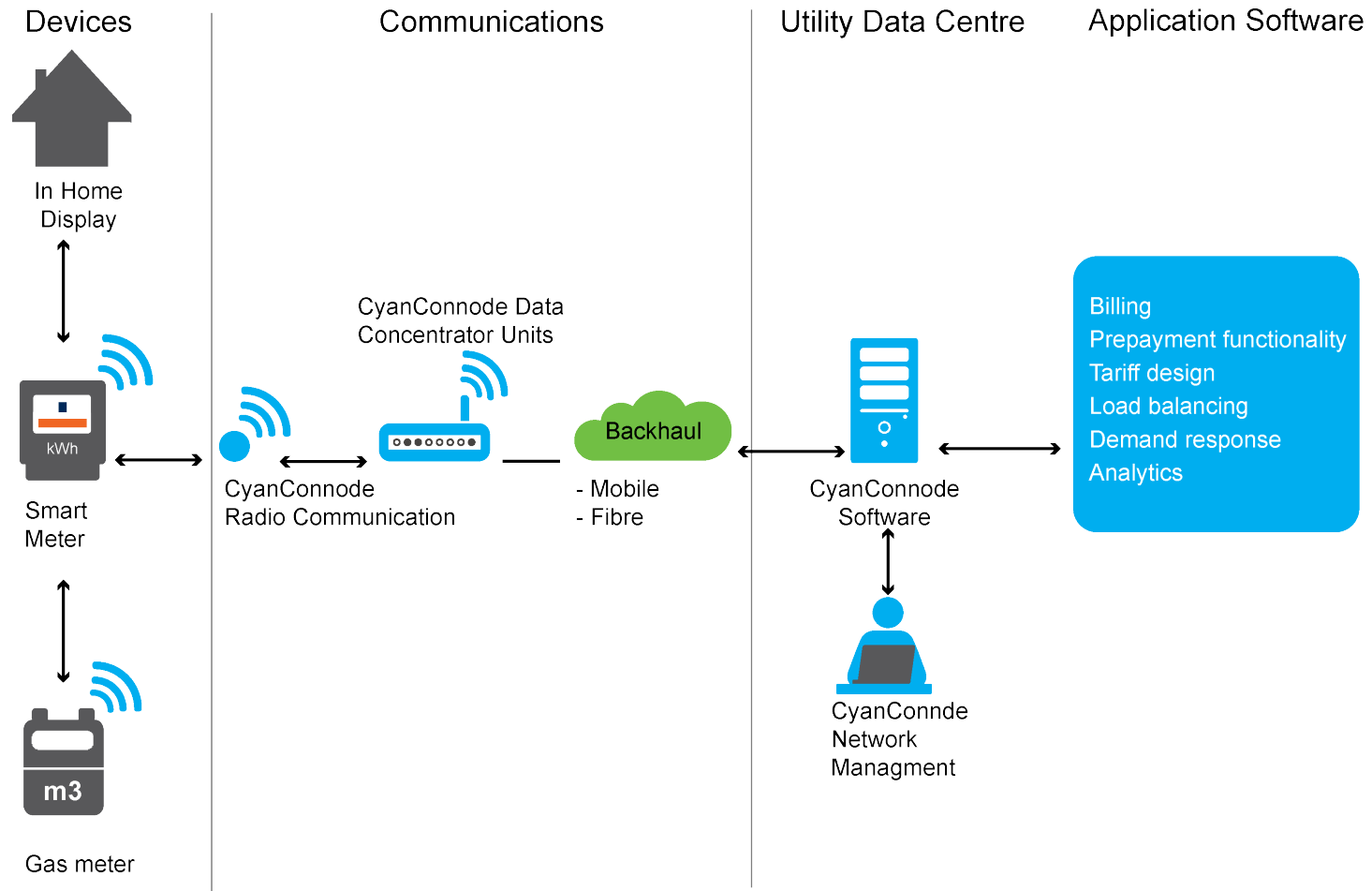
Growth & Innovation Forum 2017 | Harry Berry, NED & COO

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- CyanConnode provides **last mile** wireless mesh communications to utilities:
 - Electricity, gas and water metering and street lighting
- Wi-Fi, broadband and mobile spectrums have limitations:
 - Coverage, penetration (through buildings etc.), cost and availability of spectrum
- Narrowband is unoccupied, low cost, low power and penetrates walls:
 - Always on, secure, ideal for machine to machine communication

CyanConnode's communication network offers an "A road" feed into the mobile operators "motorways" – much more efficient use of their infrastructure compared to running their "motorways" to every house

Typical Metering Installation

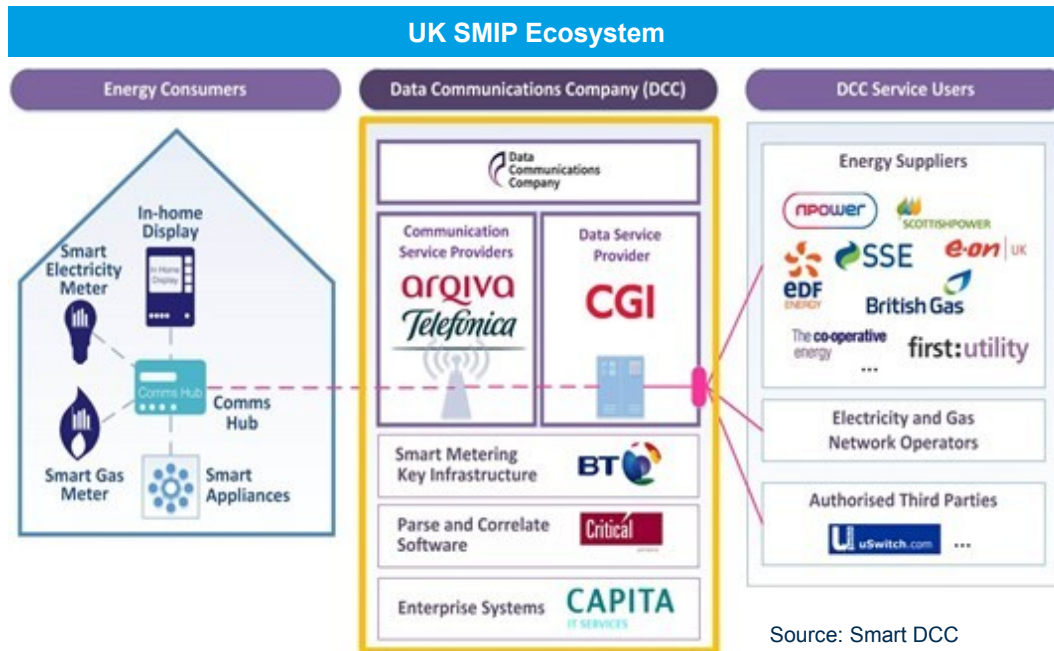


- Over the past 10 years CyanConnode has invested £27 million on R&D to establish its position as world leader in narrowband mesh networks
- Narrowband mesh technology providing robust communication for any device in all environments at a lower cost than cellular networks
- The company has 60 staff based in the UK, Sweden and India
- In the UK it has an expected £25 million revenue contract to provide its narrowband mesh network for smart metering implementation programme to areas not covered by mobile networks
- In India, Iran and other developing countries it has orders for £12 million for national smart metering programmes
- Over 800,000 meters/lights installed in Scandinavia, India, China, Brazil, Iran and Sub-Saharan Africa
- Global issue but CyanConnode is focussed on India, UK, Iran, Scandinavia and Thailand. These countries alone make up a large percentage of the global smart metering market

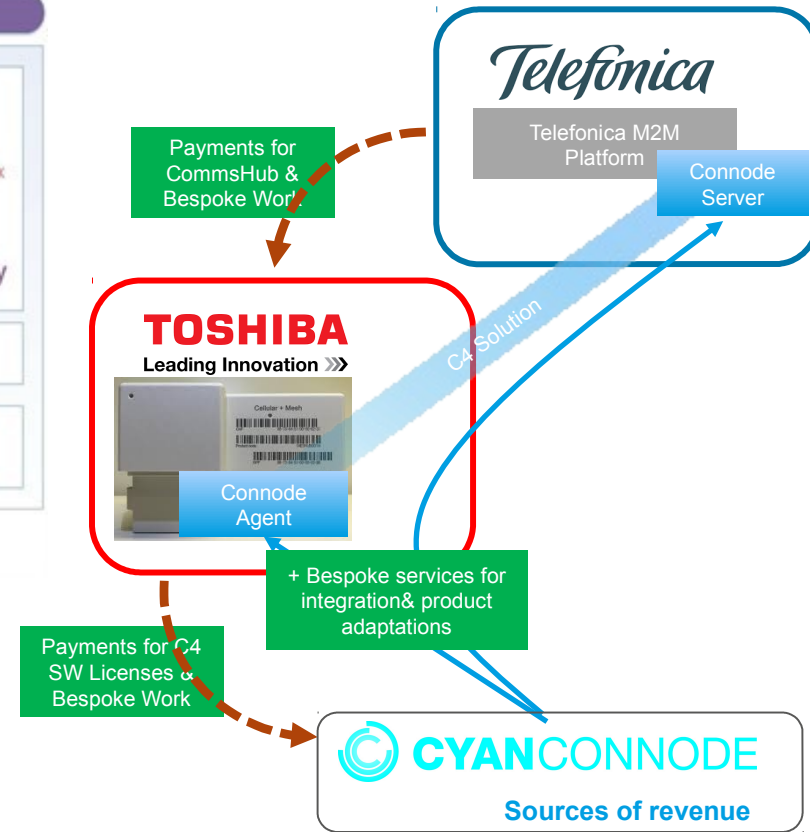
- Connode, acquired for £6.8 million in July 2016, is a well established supplier of wireless communications software for smart metering with operations in Stockholm and Mumbai
- Developed a technology based on Open Standards IPv6/6LoWPAN vs. the Cyan optimised but proprietary solution
- Acquisition provided Cyan with two cornerstone customers in the UK and India:
 - Contract already in place for UK Smart Metering Programme with expected license/support revenue stream of £25 million
 - Commercial opportunity with Tier 1 power distribution company in India – multi-million pounds of software license revenues
- Highly complementary product range and access to Western markets, creating the global #1 in narrowband mesh networks

UK Smart Meter Implementation Programme

CyanConnode's solution connecting meters in 'not-spots'

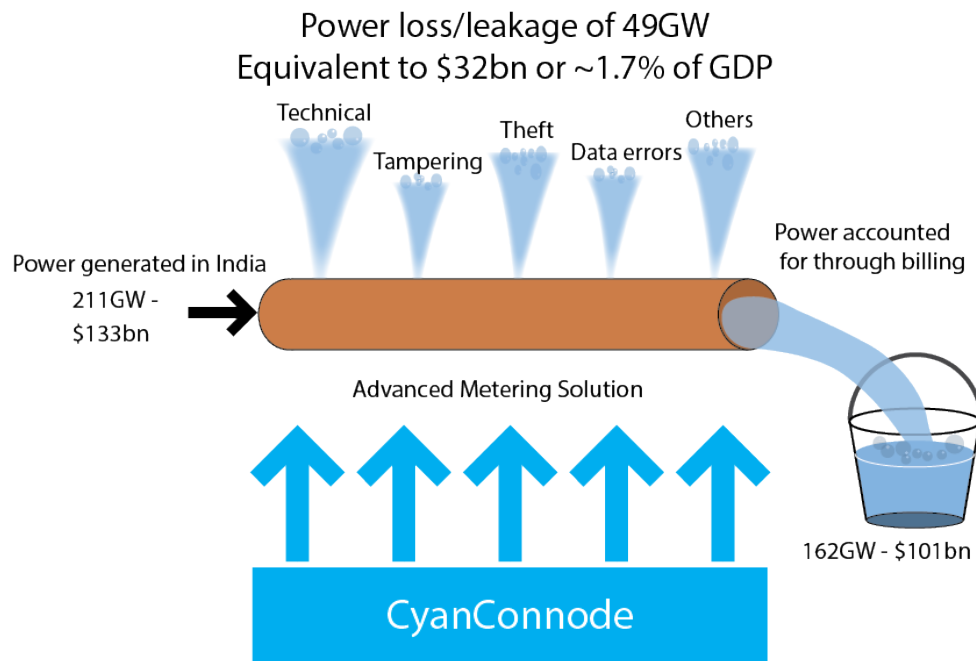


Contract and delivery model



Revenue £m's	Expected	Best case
Software licence fees until 2020	5.9	9.3
Support fees (over 15 years)	19.3	28.0

India's Market Drivers

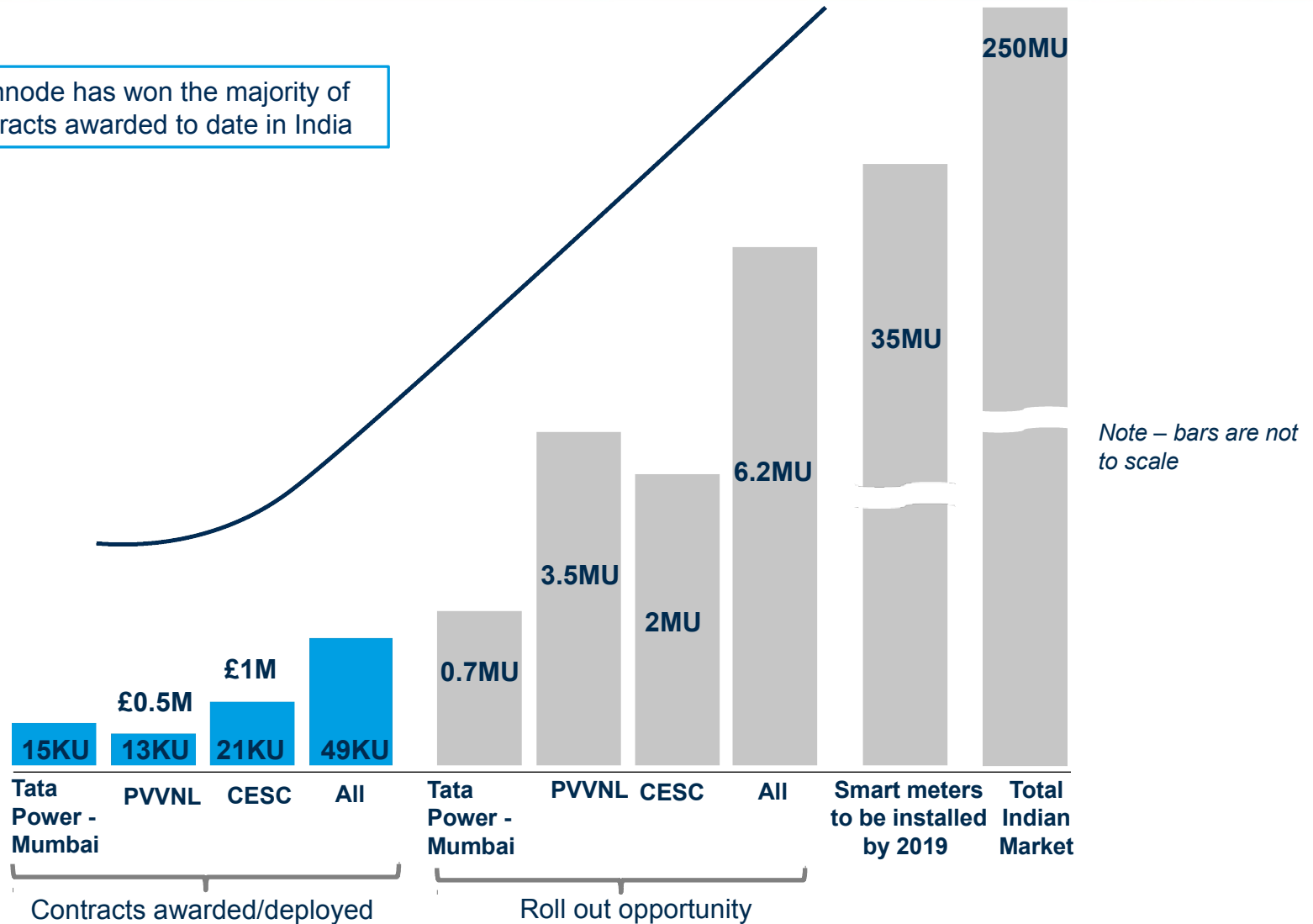


- **300 million** people in India don't have electricity supply
- Target is to install **35 million smart meters** by 2019
- CyanConnode – thought leaders in India

The World Bank has demonstrated that it is three times cheaper for utilities to save 1kWh of electrical energy by improving distribution network efficiency than investing in new generating capacity.

Market Scale - India

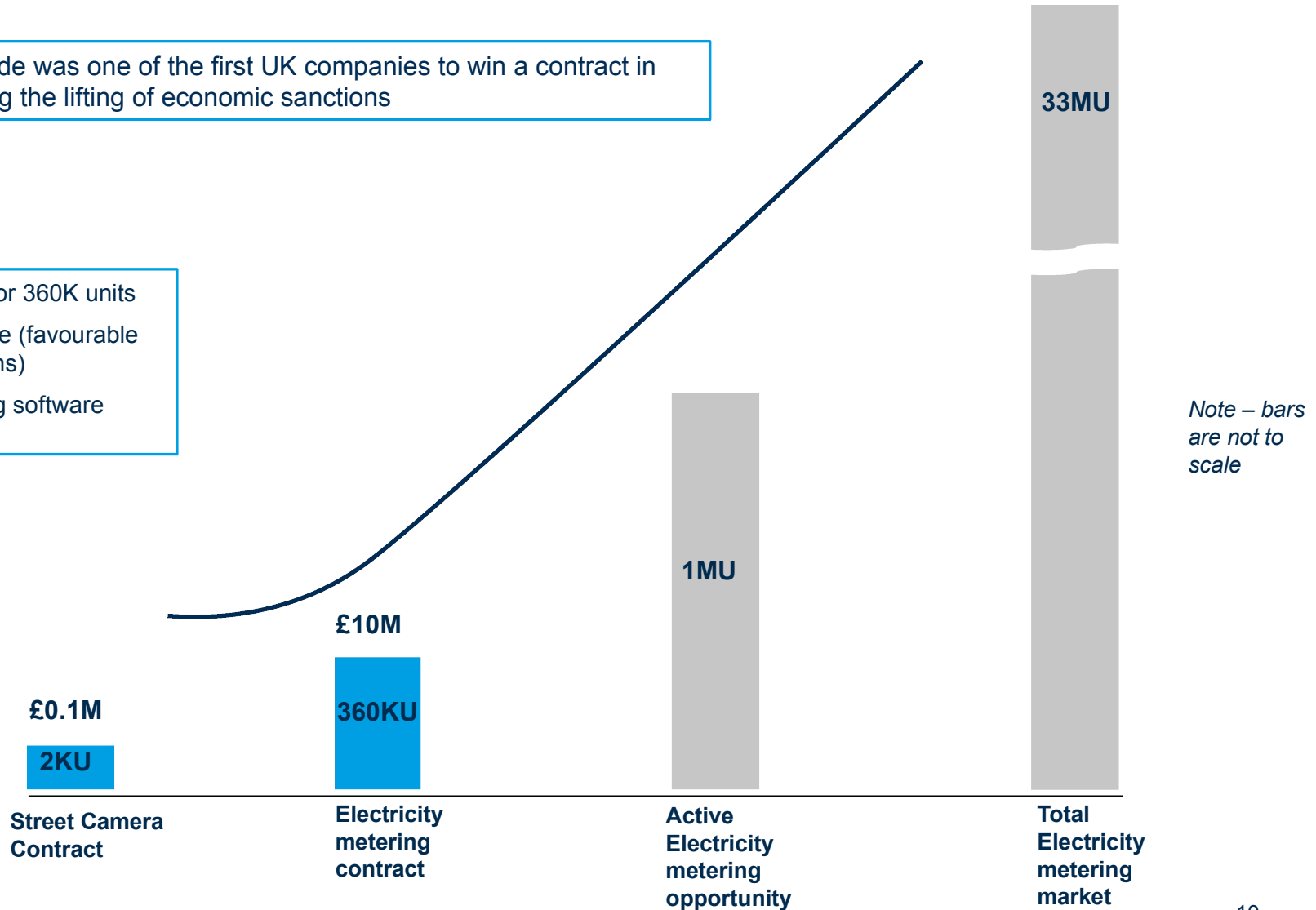
CyanConnode has won the majority of AMI contracts awarded to date in India



Market Scale - Iran

CyanConnode was one of the first UK companies to win a contract in Iran following the lifting of economic sanctions

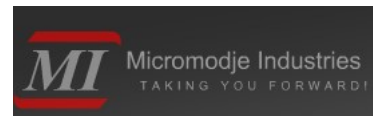
£10M order for 360K units
£5M hardware (favourable payment terms)
£5M recurring software licenses



- The global smart metering market is estimated to grow from \$11.1bn in 2014 to \$18.2bn by 2019, at CAGR of 10.2%
- ~16% (~1.2bn) world population do not have access to electricity
- Typically 25% to 50% of electricity across developing countries is lost through 'non-technical' losses such as theft, inadequate billing and poor customer control



- Established eco-system of local partners in focus markets:
 - Supports the transfer of skills and experience
 - Facilitates customer ownership & suppliers of own products
 - Local wealth generation – feeds sales pipeline
 - Enables full end-to-end solution delivery



- £27 million of R&D spend has given CyanConnode a world leading position in narrowband mesh networks
- Narrowband mesh networks are ideally suited to machine to machine communication where mobile networks poor and broadband lacks reach
- Payback on installation is ~2 years and there are multiple other benefits from better control of the grid, including energy efficiencies
- Full rollout of existing contracts in India, Iran and UK alone would create a significant revenue stream and drive profitability
- CyanConnode are actively pursuing 14 opportunities where it believes it has >50% chance of winning
- 2016 revenue ~£1.8 million, which is an increase of 560% compared to 2015

Award Winning Technology



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